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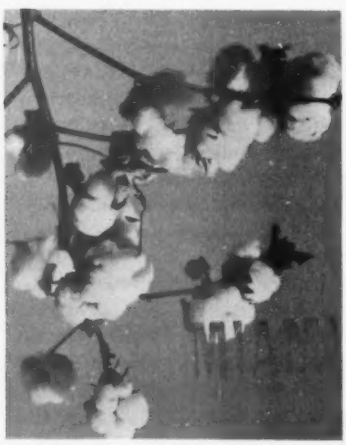

Eastern Europe: Growing Market for U.S. Soybeans

Australian Cotton Booms

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This week's cover:

Cotton picking by mechanical harvester in the Kingaroy District of Queensland, Australia. Production is booming and Australia has moved into a cotton export position. See story page 7. (Photo: Australian News and Information Bureau.)

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Eastern Europe: A

In a recent visit to Eastern Europe, FAS Marketing Specialist* Calvin C. Spilsbury *found that U.S. soybeans and soybean meal, plus U.S. poultry breeding stock, are helping to expand the area's livestock industries, with the aid of good customer servicing.

In Yugoslavia, Bulgaria, Hungary, Czechoslovakia, and Poland, soybeans cannot be raised successfully. So the establishment of modern feeding programs in this area—both for the traditional hog industries and for new broiler and layer industries using U.S.-developed breeds—has brought growing demand for quality 44-percent-protein soybean meal from the United States. Livestock producers in the area say they are looking forward to the time when enough soybean meal will be available so that most poultry and hog rations can be formulated at the recommended U.S. rates, which they have found highly desirable.

Last year, exports of U.S. soybean meal to the five countries visited ranged from Czechoslovakia's 13,779 tons to Yugoslavia's 117,417 tons, for a total of 296,640 tons. If we add imports of soybeans by the oilseed crushing industries of the area, the total in terms of beans would be 443,736 tons —nearly four times the average for 1960-64. Conversations with customers in the five countries indicate that the area can and will absorb considerably more soybean meal.

How has this widespread acceptance come about? The answer is twofold: the quality of U.S. soybeans and meal has built an excellent reputation, and U.S. salesmen have done a stellar job of helping the customers. Of course there are problems, among them the growing competition of other meals—notably peanut, sunflowerseed, and fish; but the secure place that high-quality soybean meal has already won in Eastern Europe's mixed feeds indicates that the use of competing meals will tend to be governed by scientific formulation and its practical results. The possibilities for soybean meal are reflected in the current trend toward more—and more efficient—crushing of soybeans by the area's rapidly modernizing oil mills. Eventually, this trend may in turn be reflected in smaller cash markets for U.S. meal but larger ones for U.S. beans.

In all the East European countries visited, U.S. soybean meal and/or soybeans are purchased by government monopolies empowered to import feedstuffs, oilseeds, or vegetable oils, depending upon the commodities allocated to them by the governments. The monopolies charged with importing soybeans and soybean meal are: Bulgaria, HRAN-EXPORT and RODOPA; Czechoslovakia, KOOSPOL; Hungary, AGRIMPEX; Poland, ROLIMPEX; Yugoslavia, CENTROPROM.

Many of these organizations buy soybean meal and soybeans through the West European offices of U.S. firms. Most

e: A Growing Market for Soybean Meal

of the U.S. firms are in constant contact with their buyers, and business has been done by special salesmen on a person-to-person basis. Considerable servicing has been provided for these accounts on the most efficient use of soybean meal, and this has helped establish excellent contacts for future sales. Many buyers in the East European countries express appreciation for this servicing. They are also appreciative of the fact that they can buy quality soybean meal in large lots (cargo-size) and that current prices are constantly made available.

Only minor complaints were heard, one being that U.S. meal at times was lumpy and had to be reground. Other complaints concerned the increased percentage of splits in soybeans that resulted from the many transfers. Most complaints, however, had nothing to do with quality; they were concerned with weight loss and shipping practices.

In some countries, business is done on a letter-of-credit basis. This, although useful, has become very difficult for importers, whose funds are often tied up for nearly a month before the commodities are received. Buyers in several countries have indicated a need for additional credit—for example, in Bulgaria, Hungary, and possibly Yugoslavia. Polish buyers reported that they do not need credit; Czechoslovakian buyers could not use it, as imports are under tight control.

High-quality toasted U.S. soybean meal has brought excellent results for hogs in the five countries, with feed conversion ratios of around 3.5 achieved by its use in rations at a rate of 10 to 20 percent. It has been found essential to the success of the area's young poultry industries, where its use at recommended U.S. rates when possible has brought very favorable conversion ratios ranging from 2.1 to 2.5. Most poultry rations in the five countries now contain 10 to 25 percent soybean meal, depending on poultry type.

In conjunction with the development of modern poultry industries in Yugoslavia, Bulgaria, and Hungary, modern

Soybean meal, though faced with heavy competition in Eastern Europe from expanding sunflower and rape crops, is considered a necessity by area's mixed feed mills, and sales of U.S. beans and meal have boomed. Above, sunflowers from Yugoslavia's record 1969 crop; left, mixed feed plant, Zagreb; below, soybean oil tanks at new Yugoslav port, Koper.

feeding techniques based on soybean meal, fish meal, and corn have been adopted, and very good results are being achieved. Soybean meal, when available, is used in about the same proportions in feed formulations as it is in the United States. However, stabilized fat is still not used in all the countries, while fish meal is being recognized more and more as primarily a supplement to soy meal, and limits of 5 to 7 percent are set on its usage. Providing—as it does—the only essential amino acid missing from soybean meal, it makes a satisfactory partner but an unsatisfactory substitute.

The results obtained with soybean meal in East European poultry industries have been made possible by the importation of poultry breeding stock from the United States. East European poultrymen are using these birds to raise broiler-type and egg-type chickens that can take full advantage of modern soybean meal feeds—by efficiently converting them to poultry meat and eggs. Among the U.S. or U.S.-European firms mentioned as responsible for useful improvements in poultry lines are some well-known breeders in Connecticut, New York, Massachusetts, Iowa, and Germany.

Feed details by country

In Poland, soybean meal has become an indispensable ingredient of chicken feeds, in combination with 6 to 7 percent and sometimes 10 percent fish meal. For example, excellent results are obtained with broiler starter feeds using 25 percent soybean meal and 10 percent fish meal and with broiler finisher feeds using 13 percent soybean meal and 4 percent fish meal. Hog feeds with 9 to 15 percent soybean meal and 6 percent fish meal have proved highly satisfactory. However, extensive on-the-farm feeding of potatoes to hogs (the potato crop reached almost 50 million tons in 1968) has reduced mixed feed requirements.

In Bulgaria, there are plans to increase poultry meat in the next 2 years, from the present 60,000 tons per year to around 100,000 tons; and Bulgarians hope to continue using about the same percentage of soybean meal in poultry feeds as are used in the United States.

In Yugoslavia, where the poultry and hog industries are largely on state farms, soybean meal is considered essential by the mixed feed industry. For poultry feeds (of which the industry supplies nearly 100 percent), soybean meal is used at rates of 8 to 25 percent, with starter chick feeds containing 15 to 20 percent, layer feeds 8 to 15 percent, broiler feeds 16 to 25 percent, and broiler finisher feeds 10 to 15 percent. If fish meal is not available, more soybean meal is used. For hog feeds, 20 percent soybean meal is used in starter feeds, 10 to 15 percent in grower feeds, and 5 percent for hogs of 110 to 220 pounds. For hog finisher rations, the percentage of soybean meal is 20 to 30. Sunflowerseed meal and peanut meal are also used in hog feed and in cattle foods.

In Hungary, most of the mixed feed produced (85 percent) is used for poultry (35 percent) and hogs (50 percent). All these feeds contain soybean meal in about the same ratios as in Yugoslavia. However, while Hungary now imports 50,000 to 60,000 tons of U.S. soybean meal a year, it also imports 150,000 tons of peanut and other meals. The maximum percentage of soybean meal—5 to 25 percent—is used in poultry and hog feed, with an average of 5 percent fish meal depending on type.

In Czechoslovakia, feeding trends are believed to be similar to those in the other four countries, but comparable details were not obtainable.

Because of their availability, peanut and sunflowerseed meals are sometimes substituted for part of the soybean meal in the formulas. These meals, however, do not supply the essential amino acids contained in soybean meal, and synthetic amino acids are not usually obtainable.

Mixed feed industry growing

The market for U.S. soybean meal in Eastern Europe has been developing along with the expansion of the poultry and livestock industries and the production of corn in the southern area, and at the same time directly in conjunction with the growth of the industries supplying mixed formulated feeds. As a result of this latter development, soybean meal has become established as essential for the correct formulation of both poultry and hog feeds.

Many mixed feed mills have been built to supply large state and cooperative farms, particularly where poultry and hog operations have been expanded. In private farm areas, feed mills have also been built, particularly to supply poultry (broiler and layer) operations where the state's program has been integrated at the farm level.

Eastern Europe's mixed feed industries have been continually expanding capacity and modernizing their operations. Total production in the five countries has risen to around 10 million tons—near capacity—in recent years. It provides nearly all the feed used in the poultry industry, as well as large quantities for hogs and cattle and some for sheep and horses.

By countries, mixed feed production is currently as follows: Bulgaria (with 18 large plants and 12 small ones) and Hungary (with 200 small plants), 1 million tons each; Czechoslovakia (with 300 small plants), 2 million; Yugoslavia (with 13 large plants and 60 small), 3 million; and Poland (with 30 large plants and 270 small), 4 million.

In many districts, plant expansion is still going on, and indications are that production will increase at least 5 percent each year. This would call for an annual increase of nearly 50,000 tons in imports of soybean meal.

Modernization of oilseed crushing

The oilseed crushing industry in most East European countries is operated through a government-sponsored organization under the Ministry of Agriculture and/or Food. Many of the crushing mills have modern continuous solvent extraction equipment. For the most part, this equipment is operated in combination with screw-press equipment to process the high-oil-content seeds available—mainly sunflower with 50 percent oil, rapeseed with 45 percent oil, and imported copra with 63 percent oil, as well as other oilseeds and oil-bearing materials that are produced in or imported into the area. Nevertheless, many modern crushing mills with solvent extraction equipment in Poland, Czechoslovakia, and Hungary have the necessary facilities, such as flaking rolls, to crush soybeans when they are available.

To crush the area's expanding sunflowerseed crop, two large new mills with "De Smet" type continuous solvent extractors are being built in Bulgaria (and six in Romania). Crushers report that as many as 20 large solvent mills of this type are under construction in the USSR; these may be expected to have an effect on Eastern Europe's oilseed crushing operations.

The oilseed crushing industries in the East European countries (including Romania) can handle between 2,300,000 and 2,650,000 tons of oilseeds annually. Bulgaria (with two new large solvent mills and 20 older, smaller mills) can crush from 400,000 to 450,000 tons; Czechoslovakia (with four large solvent mills), 250,000; Hungary (with five large mills), 250,000; Poland (with seven large mills), from 500,000 to 600,000; Romania (with six large mills), from 500,000 to 700,000; and Yugoslavia (with 16 mills, of which six are large), 400,000.

Most of the countries, in order to keep up with their rapidly increasing crops of sunflowerseed (rapeseed, in Poland) have consolidated their oilseed crushing operations to eliminate smaller, older, and more inefficient mills. Most oilseed crushing is now done in large mills, whose continuous solvent and screw-press operations are integrated with modern refining and processing. Each country has built several continuous solvent extraction plants since the war, and most larger plants crush from 220 to 300 tons of oilseeds per day; some, such as those now being built in Bulgaria and Romania, as much as 400. Margarine plants too, for the most part, have been modernized, with up-to-date "votator" (internal chilling and emulsifying) equipment.

An early example of the modernization program was the construction in 1962 of a new extraction plant at the oil mill in Kruszwica, Poland, adding a 300-ton De Smet continuous solvent extractor to existing facilities. This plant was designed to crush rapeseed but also handles imported soybeans. Subsequently, new continuous refinery equipment, modern deodorizers, and hydrogenation equipment were added, and the margarine plant was equipped with modern "votators."

In Yugoslavia, the government is considering the possibility of obtaining an American firm to enter into a joint enterprise agreement with the Port Authority of Koper. This firm would be expected to provide 49 percent of the funds to construct and operate a modern solvent extraction soybean crushing mill at the new Port of Koper, which is now being developed at an excellent location on the Adriatic Sea near Trieste. The plant, to be located in a new large grain complex, would utilize the modern silo facilities being built and the existing soybean-oil bulk storage capacity of about 23,000 tons. Its crushing capacity would be 200,000 to 300,000 tons (7 million to 11 million bu.) of soybeans annually, to be imported from the United States; and it would supply soybean meal to several of the East European countries and soybean oil within Yugoslavia and to other markets in the area. Obviously, if the plant is built, it would cut into the cash market for U.S. meal in this area, but in turn it would provide a consistent cash soybean market.

Canadian Urges Market Sharing

Canadian Agriculture Minister H. A. Olson recently advocated an international agreement on market sharing and production quotas as a long-term remedy to worldwide oversupply of agricultural products. Speaking to a news conference after an 18-day tour of Yugoslavia, Czechoslovakia, Poland, the Netherlands, and Belgium, Mr. Olson said it is "obviously senseless" for each country to try to be self-sufficient in production of all agricultural commodities. Some countries can produce certain products more efficiently.

The Minister also stated that agricultural subsidy programs in many countries tend to be "incentives to overproduce": He warned that a continued excess of supply over demand in agricultural trade could hurt other forms of trade, since without agricultural sales many countries would have to reduce their imports of industrial goods. Accordingly, Parliament is to be asked "reasonably soon" to approve proposals to remove some resources and manpower from agricultural production in Canada.

In addition, according to his speech, the Minister foresees possibilities for increased exports of Canadian feedgrains to Eastern and Western Europe, which need to raise more beef and pork to meet European demand. But so long as present European Common Market duties on livestock continue, Canada cannot expect to raise greatly its livestock exports to Europe. In any case, at this time, Canada does not have that much surplus beef to sell—demand for beef in North America is increasing faster than production.

Mr. Olson also sees possibilities for increased wheat sales: "Some of the markets that were pretty dim for us for quite a while have now come to life, indicating that buyers do not expect declines in wheat prices." Thus, he sees no need for massive cutbacks in Canadian wheat production. But, he says, it is essential to have an agreement stabilizing world production until consumption catches up with production.

—Based on dispatch from EUGENE T. OLSON
U.S. Agricultural Attaché, Ottawa

Ontario's Grape Production

Ontario's 1969 grape crop—90 percent of Canadian production—is estimated to be 60,000 tons with a value of C$6.5 million. This is a 9-percent increase over the 1968 crop which was reported to be 55,000 tons and valued at $6 million. Even with this increase, Ontario wine companies—which are required by the Provincial Government to utilize 100 percent Ontario grapes in their processing of wines to be sold in Ontario—are said to feel that in the 1970's imports will be needed to fill a vacuum.

Special grape varieties are expected to make up a larger share of the 1969 crop than the 1968 crop, resulting in increased value per ton; 1969 prices to processors are expected to range from $120 to $250 per ton, depending on variety, most varieties bringing $130 per ton. Of the 1968 grape crop, 42,000 tons were used in processing (36,000 tons for wines, about 6,000 for jams and juices), 9,000 tons entered domestic and local markets, and about 4,000 tons were exported. There was no surplus reported at year-end.

On one hand, the outlook for the Niagara grape growing industry seems very promising: The growers have a guaranteed market for the bulk of their crop; prices between the grape growers and wineries are said to be negotiated, with the Ontario Grape Growers' Marketing Board acting on behalf of the farmers. Also, grape acreage is increasing, and the Ontario wine industry is growing, as is interest in home winemaking. On the other hand, the outlook is not so promising: Grape mechanization is reportedly not advancing as fast as is mechanization in other Canadian agricultural sectors. And, some Canadian wineries are questioning the ability of the Niagara grape growers to continue supplying the Canadian wineries' needs.

—Based on dispatch from ALFRED R. PERSI
Assistant U.S. Agricultural Attaché; Ottawa

Yugoslavia's Livestock Situation Is Brightening

Yugoslavia is currently experiencing the reverse of the 1968 livestock situation when low market prices and reduced exports of meat and animals caused heavy slaughter. This year other factors, such as renewed exports of meat and a decrease in the number of live animals, have brought about a rapid increase in purchase prices and a scarcity of supplies on the domestic market.

The increase in exports this year is attributed to reduction of import barriers for cattle by Italy and other EC countries. Yugoslavia's beef and veal exports during January-June 1969 totaled 46,000 metric tons—up 27.8 percent in quantity and 27.1 percent in value from the previous year. Although lamb and mutton exports dropped 4 percent in tonnage they maintained the same value as in 1968. Small quantities of exported pork were up 7 percent in tonnage and 13 percent in value. Canned meat exports also rose by 30 percent in quantity and value. Imports of hides and skins during January-June 1969 were up 10 percent in tonnage and 39 percent in value from the corresponding period in 1968.

During the balance of 1969 exports of meat and animals are expected to slow down because of the acute shortage of meat on the domestic market and the decreased demand from importing countries caused by the end of the tourist season. However, since exports of beef and cattle are still high at the present time, the problem of meat shortage on the domestic market is becoming more severe. The scarcity of meat has caused retail prices to soar—they have increased threefold in recent months. But despite problems on the domestic market it appears that Yugoslavia will try to maintain high exports of meat in order to preserve its position in foreign markets. On the other hand, it will also try to solve the domestic shortage of meat by importing some pork and hogs for slaughter.

According to the press, 750 metric tons of pork have already been imported from Romania and it is expected that another 1,500 tons will be imported soon, mostly from East European countries. An increase in consumption of chicken and variety meats, which experienced only a slight increase in price from last year, is expected.

Production forecast

The unsettled cattle and beef trade problems with Italy and the uncertainty of further export developments have made it possible for producers to get the best use out of the temporarily favorable market conditions, which in turn help somewhat in making up for losses suffered in 1968. According to official statistics Yugoslavia produced 647,000 metric tons of red meat, net product weight basis, during 1968—an increase of 8.2 percent over the 598,000 tons produced in 1967. Total beef and veal production is unofficially estimated at 230,000 metric tons, a decrease of 14.5 percent from the 1968 figure of 280,298 tons (carcass weight value). Production of pork in 1969 is projected at 290,000 tons, an 11-percent drop from the previous year's level of 323,000 metric tons. The 1969 output of mutton and lamb is forecast to remain at last year's level of 55,000 metric tons.

Current cattle numbers are estimated at 5,200,000 head, a 1.2-percent decline from the January 1969 level which was 8 percent below that of 1967. Herd rebuilding has been limited by both increased exports and the slaughter of cattle for domestic consumption. Hog numbers, which in January 1969 totaled 5,093,000—13 percent below the 1968 levels—reached their lowest levels in April when they dropped 17 percent below the 1968 figure for the same period.

According to the most recent official estimates, hog numbers began to rise after April. However, it will take some time before numbers become sufficient to meet both the domestic and export requirement. Sheep numbers in January 1969 totaled 9,730,000 head, a decline of 6 percent from the preceding year which was caused by increased slaughter and unfavorable pasture conditions in 1968.

Incentive system

In addition to grains and some industrial crops, Yugoslavia continues to include meat and livestock under the system of minimum guaranteed prices. While no actual changes have been made in the levels of the minimum guaranteed prices, beginning on January 1, 1970, the system will cover only higher quality animal grades. The new incentive lies in the fact that the support prices can be higher than the guaranteed minimums which will depend on quality, that is, on the percentage of meat above the minimum level set up for each class and category of livestock.

The Federal Office for Food Reserves of Yugoslavia will be obligated to purchase at the guaranteed prices all animals offered, provided production and deliveries of such animals are previously contracted. The current free market prices of livestock are considerably higher than the guaranteed prices because of the high demand for livestock. The new system of guaranteed prices which emphasizes quality and firm production and delivery contracts is designed to assist in stabilizing livestock production and providing the meat packing industry regular shipments of quality livestock.

The combination of currently high livestock and meat prices, plus a bumper corn crop this fall and the implementation of new incentive measures, will serve to increase livestock and meat supplies during the next year. At the same time, continuing exports will probably keep supplies for local consumption at marginal levels—thereby extending the period of relatively high meat prices.

—Based on dispatch from FRANK W. EHMAN
U.S. Agricultural Attaché, Belgrade

IDA Loan to Ecuador

The International Development Association (IDA), an affiliate of the World Bank, recently announced credit to Ecuador equivalent to $1.5 million to help complete a livestock development program which was begun in 1967 with the help of an earlier World Bank loan of $4 million.

This IDA credit will provide interim finance for the livestock development program, a project aimed at increasing beef cattle production for domestic consumption and export by introducing modern techniques and by developing standards which could eventually be applied throughout the country.

The funds from the credit will be made available to ranchers for land clearance, pasture renovation, fencing, water supplies, yards, dips, machinery, improved breeding stocks, and other improvements. It is expected that 60 cattle ranchers will participate in the project, in addition to 140 ranchers already being assisted with the earlier loan.

Shifting to export role

Australia's Cotton Position Is Revolutionized

Cotton supplies in Australia have had a dramatic change of face in the past 5 years that affects not only Australia but also the United States. Between 1964 and 1969 Australia has achieved the switch from importer to net exporter. In the 5 marketing years 1961 through 1965, Australia purchased an average of 64,000 bales (480 lb. net) of U.S. cotton a year. In 1968-69 virtually no U.S. cotton was bought; further, for the first time Australia exported cotton (about 19,000 bales). Most went to Japan, Hong Kong, and the Philippines —all important markets for U.S. cotton.

The takeoff in Australian production began after the government passed the Raw Cotton Bounty Act of 1963 with the idea of encouraging domestic production until cotton self-sufficiency was attained. The Bounty provided for payment of a subsidy of about US$0.15 per pound of middling 1-inch raw cotton with adjusted rates for other grades and staples. The introduction of the Bounty coincided with the arrival in New South Wales of a number of experienced cotton producers from the United States, who were quick to take advantage of the production incentive. Production, which averaged 17,000 bales per year in 1960-64, had jumped to 150,000 bales in 1967-68 and is approximately 155,000 bales for the 1968-69 crop just harvested.

Domestic policies

New legislation on cotton introduced when the original Bounty Act ended in 1969 reflects the changed production position. The new Raw Cotton Bounty Act sets declining subsidy ceilings—approximately $4.5 million for 1969, $3.3 million for 1970, and $2.25 million for 1971. Under the provisions of the Act subsidy payments would cease after 1971. From then on Australian producers will have to accept world market prices for their exportable surplus cotton.

Actually, Australian cotton growers have been receiving declining subsidies on their cotton production for several years. The original Bounty Act had a ceiling on subsidy payments of $4.5 million per year—and in 1966, when production exceeded 60,000 bales, funds were insufficient to pay the maximum legal bounty on every pound of cotton. The $4.5 million available was spread out over the total production for domestic consumption so that something less than the maximum subsidy was paid. During the life of the original Bounty Act the subsidy was apportioned among domestic sales of cotton only; but when supply exceeded domestic demand in 1968, the bounty legislation was changed to permit payment on all production. Consequently, cotton attracts a bounty now even when exported. By the 1968 season the bounty was down to about $0.063 per pound; the 1969 crop is expected to received an average payment of about $0.06 per pound.

With vanishing Commonwealth assistance, some of the less-favored cotton-growing areas, such as the Ord River, may have to rely on State subsidies if they are to continue production. Western Australia is already providing assistance to Ord River producers.

Internal cotton market changes

Australian domestic raw cotton consumption has been stable for several years and is expected to remain at between 130,000 and 135,000 bales a year. Under the present import policy for cotton textiles, domestic spinners are assured of about 16 percent of the Australian market—but there is little chance of a marked increase.

Although pressure has been exerted on the Australian Government to swell the domestic market share of Australian spinners, trade relations with major suppliers of manufactured cotton goods to Australia, such as Japan and Hong Kong, make such a move difficult.

Australian raw cotton stocks as of August 1, 1969, are estimated at 171,000 bales—the highest ever and almost six times average stocks at the beginning of marketing years in the early 1960's. Most of the 171,000 bales is cotton still in ginners' hands and is from the crop just harvested. But an estimated 53,000 bales are imported cotton or domestic cotton left over from the 1968 crop.

Because of the sharp increase in stocks at the same time that consumption is remaining steady, the domestic market situation is experiencing stresses and some sharp changes. Spinners are now able to impose terms on ginners that would have been unthinkable previously. For example, the Namoi Cooperative was forced to erect a warehouse that cost $560,000 to hold stocks until required by spinners. In addition, it has become common that ginners have to extend 180-day credit to spinners on purchases.

While domestic supplies were below consumption requirements, Australian arrangements for internal prices and marketing worked reasonably well. Prices were, and still are, based on the prices of equivalent grades and staples of cotton on the Liverpool market recalculated on comparative freight costs from U.S. Gulf ports to give a c.i.f. Australia price. But when competition between ginners became strong for local sales last year—the first year Australian cotton production exceeded domestic needs—there was some price shading and downgrading of staple by individual ginners.

The Australian Government warned that if the cotton industry could not regulate its own marketing of crops so as not to endanger domestic price levels the government would take action. The Australian cotton industry established a Cotton Marketing Advisory Board, and the Board worked out a voluntary plan for the orderly marketing of the 1969 cotton crop.

A share of the domestic market is allocated to each ginner, and a set volume is to be exported. Each ginner, in turn, pays suppliers from pooled returns of both domestic sales and exports so that the lower export price is not borne by any particular ginner or set of suppliers.

Imports shift

Instead of buying medium-staple cotton from the United States, Australia now grows its own. During the August-July 1968-69 marketing year Australia's foreign purchases were confined to short-staple Asiatic cotton from Pakistan and India and long-staple upland cotton from Uganda plus other small shipments.

In the near future long-staple cotton will continue to be required from overseas for specific spinning needs. The short staples are needed for nonspun products such as stuffing and wadding, medical dressings, and cotton-wool blends.

Total Australian cotton imports for 1968-69 were about 12,000 bales.

Production pattern

Although adverse weather conditions lessened yields in some areas and there was reduced interest in the crop in some regions, Australian production for 1968-69 was the highest ever.

The New South Wales cotton crop set another new record and is estimated at nearly 120,000 bales—or about 5,000 bales more than 1967-68 output. Much of the harvesting was difficult and took longer than usual because of above-average rainfall during the harvesting season. Cotton picked early was of excellent quality, but late-harvested crops were reduced in grades because of rain damage.

The Queensland cotton crop was also a record and yielded 20,375 bales. The previous record, set in 1967-68, was 17,000 bales. Output was greater than expected, and yields from irrigated cotton were especially high. The general quality was good, but rains at harvesttime and consequent delays in picking caused reduction in grades in one area.

The Ord River in Western Australia had the best growing conditions in recent years, but acreage was down from 1967-68 because of last year's declining prices. Production for 1968-69 is estimated at slightly more than 14,000 bales; 1967-68 output was over 17,000 bales. The crop had excellent quality—over 70 percent was middling or better grades with staple lengths of 1 1/16 to 1 1/8 inches predominating.

Cotton preview

The immediate outlook is for a further small increase in cotton production during the coming season. Based on acreage expansion plans and on the assumption that climatic conditions will be satisfactory, output in 1969-70 is expected to be about 160,000 bales. As there is no immediate prospect of increased domestic consumption, the rise in production will mean that a greater portion must be exported.

Export availability during the 1969-70 marketing year is estimated at 50,000 bales—partly from the 1968-69 crop and partly from stocks. Asian markets are expected to be the chief purchasers.

The government and the cotton industry are encouraging the introduction of new and improved cotton varieties to Australia so that the country can produce the staple lengths it now imports. If such efforts are successful, Australia's cotton imports will not only cease altogether, but it will have a wider range of cottons to be offered on world markets.

The long-term outlook includes a short period of consolidation during which production per year will be stable at about 160,000 to 170,000 bales followed by a marked upsurge in plantings and production if returns to producers can be maintained near the level of recent years.

New dam and irrigation projects already underway in New South Wales and Queensland will make large tracts available for cotton plantings or other crops, and at current world prices alternative crops are not more attractive than cotton.

In Western Australia a large dam now under construction on the Ord River will make an additional 200,000 acres of irrigated land available by late 1971 with croppings to start in 1972. Investigations so far have shown that few if any crops are more profitable to grow in the area than cotton. If this situation continues, a large part of the new acreage will probably go into cotton.

Assuming not much change in the relation between returns from cotton and alternative crops in the near future and at least a partial replacement of the phased-out Commonwealth cotton subsidy with State subsidies, Australia could be producing as much as 400,000 bales a year by the mid-1970's.

—Based on dispatch from *the Office of the U.S. Agricultural Attaché, Canberra*

Japan's Poultry Meat Imports Booming This Year

In the first 7 months of 1969, Japan's imports of poultry meat rose 75 percent over the corresponding period last year—9,800 metric tons compared with 5,497 tons.

The increase reflects a steady rise in demand for imported whole broilers (especially the smaller ones), very high prices for pork and beef, and increased promotional efforts by the United States and other suppliers—which include Denmark and East European nations. Of the 1969 January-July poultry meat imports, 9,642 tons—over 98 percent—were of chicken meat, 13 tons were of turkey, and most of the remaining 145 tons of other meat consisted of duck.

Japan's poultry meat imports from the United States rose by 51.3 percent to 3,778 tons during the first 7 months of 1969 compared with a year earlier. Although the United States was still the major supplier with 38.6 percent of the total import market, its share is a decline from the 45.4-percent level for the first 7 months of 1968; however, imports of chicken parts were up significantly.

Subsidized imports from Denmark and state-traded products at low prices from Bulgaria accounted for 19.9 percent and 14.5 percent of Japan's total poultry meat imports. The imports from Denmark were up from 13.2 percent in January-July 1968; the imports from Bulgaria amounted to about the same proportionate share as the year before.

Imports from Communist China constituted a smaller share of the market in 1969 than in 1968, remaining at 1,010 tons. Hungary, which entered the Japanese market in February 1968, had 10.5 percent of it in the January-July 1969 period. Poland, Romania, and the Netherlands supplied 2.4 percent, 1.9 percent, and 1.3 percent of the January-July 1969 imports compared with 1.3 percent, none, and 0.7 percent during the comparable 1968 period.

Reportedly, Japan is experiencing shipping difficulties in receiving products from the Eastern European countries.

Japan's own production of poultry meat in 1969 has been predicted at about 400,000 metric tons, up 21.8 percent from 1968. Broilers are expected to account for about 64 percent of the total. The total number of broiler chicks marketed during the first half of 1969 was estimated at 134.9 million—up 26.7 percent from the comparable period of 1968.

The total number of chickens on farms as of February 1, 1969, was officially estimated by Japan's Ministry of Agriculture and Forestry at 206.5 million birds. This represents a 15.4-percent increase over February 1, 1968. The number of farms with layers and layer chicks continued to decline, however, indicating the continuing shift to larger size units.

—Based on dispatch from ELMER W. HALLOWELL *U.S. Agricultural Attaché, Tokyo*

In aftermath of drought

Polish Leader's Autumn Speech Stresses Agriculture

For the first time in several years, the traditional "harvest festival" speech by Poland's leader, Secretary Wladyslaw Gomulka of the Polish United Workers' Party (PZPR), dealt exclusively with agriculture. Ordinarily, international politics can be expected to receive much attention on this occasion. This year, however, Secretary Gomulka's speech reflected the serious situation in which Polish agriculture finds itself after a year of largely unfavorable weather.

Speaking in a Warsaw stadium September 7, the Secretary discussed the summer drought and the resulting crop losses; urged farmers to "wage war on drought results"; and outlined how the state would assist them. His main emphasis was on the feed situation and its expected effect on livestock, with stress on the need to prevent a reduction in cattle and hog numbers. He also called on the agricultural circles—descendants of the traditional peasant organizations, adapted by Poland's postwar government to serve as a first stage in the socialization of agriculture—to guide the efforts of farmers and state farms to increase grain and livestock deliveries.

Results of drought

Secretary Gomulka reported that the combination of a cold winter with insufficient snow cover, a late spring, and a long summer drought resulted in losses of winter grains and rape and "irrevocable damage" to root crops, forage crops, hay, vegetables, and fruits. Most of the rape crop was destroyed in many regions during the winter, Gomulka said; and in many counties the second hay harvest "came to nothing." Winter feed supplies will be smaller than usual.

Secretary Gomulka, stressing a favorite point, emphasized that the level of farm technology had made a great deal of difference in the amount of damage the drought caused. Farms with a low standard of "agrotechnique"—where inadequate quantities of fertilizer were applied and where plant protection and mechanization were neglected—suffered painfully from the drought as compared with farms on which all possible measures had been taken to save and strengthen this year's crops.

In line with the emphasis on technology, Gomulka exhorted the agricultural circles to "organize agricultural progress in every village," working in close cooperation with local people's councils and the agricultural extension service to inform farmers of modern practices in land cultivation, fertilizer use, plant protection, the selection of "catch" crops to be grown for feed, the storage of root and forage crops, and livestock feeding. The circles should make sure that the agricultural machinery owned by them and by intercircle machine bases (MBM's) is put to the most effective use, for the most difficult and urgent field work.

Government aid measures

The Secretary declared that agriculture's increasing demands for fertilizer would be met and that the lower prices in effect for August (to encourage sales and clear out warehouses) would be extended through September. Fertilizer supplies for the 1970 harvest will amount to approximately 135 kilograms of pure components—nitrogen, phosphoric acid, and potash—per hectare (about 120 lb. per acre), which would be over 20 percent more than was used on this year's crop. The law on fertilizer use permits local authorities to take measures that will induce unwilling farmers to apply sufficient amounts of fertilizer, Gomulka said. Purchase will be eased, since the government will postpone repayment of credits by all farmers who are in difficulty because of the drought and will also make available new credits, especially for fertilizer purchases.

The state plans to boost assistance to farmers during the current economic year (July 1, 1969-June 30, 1970) by delivering 20 percent more mineral fertilizers than in 1968-69; 12 percent more fertilizing lime; 500,000 metric tons more of industrial mixed feeds (for a total of approximately 4 million); 30,000 new tractors; 2,000 new harvesters; and 80,000 tons more cement, 50,000 tons more construction lime, and larger supplies of wall materials and metallurgical products—all of these for rural construction. The government also plans to carry out land improvement work on 395,000 acres of arable land and 270,000 acres of meadow and pasture land and to increase state investment outlays for agriculture by 2.2 billion zlotys over those of 1968-69—to a total of 26.5 billion. (4 zlotys = $1.00 at the official exchange rate.)

Highlights on grain

Poland's concentration on grain production over the past few years has paid off, the Secretary declared. From the 1968 harvest, the state purchased a record 3,050,000 tons of grain from private farmers, an average of 12 quintals per hectare of grain under contract (about 1,070 lb. per acre). The area of grain under contract for the 1969 harvest exceeds 1.7 million hectares, and hopes are that in 1970 it will exceed 2 million. (Comparable acreage figures are about 4.2 million and 4.9 million.)

In grain deliveries, state farms—known as PGR's—play a very important role; they delivered 1.8 million tons of grain from the 1968 harvest—a quantity which had been set as the goal for 1970, the final year of the current 5-year plan. (This performance was considered even more impressive in view of the fact that the 1970 target had already been revised upward from the original 1.5 million tons.) In the next few years, PGR's will be expected to expand grain cultivation, raise yields, and increase grain deliveries still more (to 2 million tons from the 1970 harvest).

Highlights on feeds

The feed situation this year, said Gomulka, will be "more tense" than in previous years, and the state will help. For example, exports of some feed products have already been stopped and imports of feed concentrates increased. As a result deliveries of feedstuffs to agriculture will reach 4 million tons, a half million more than last year. (The Secretary did not state whether he was referring to calendar or to economic years. In calendar 1968, sales of feed concentrates—bran, oilcake and mash, and mixed feeds—totaled 3,258,300 tons.)

Gomulka warned farmers that although the state can provide certain forms of assistance, it will be unable to supply

such basic feed items as hay, ensilage, and fodder root crops. Farmers themselves must accumulate the reserves they need, in part through sowing winter catch crops (since it is too late to sow late-summer catch crops). Alfalfa was recommended for its high protein.

Trying to reduce storage losses, the government has built a number of drying and dehydrating plants for forage crops and potatoes. Farmers who used up-to-date methods of preparing 1968-crop potatoes for storage are in a better position this year than those who did not. With crop conditions worse, minimum storage loss is even more important than usual—especially for potatoes, which normally suffer 15 to 20 percent loss when stored in underground pits or mounds.

Highlights on livestock

The harvest festival speech laid heavy emphasis on livestock, announcing that with domestic demand for livestock products continually increasing, efforts must be made to prevent a decline in cattle and hog numbers. "Extra measures" are being taken by the state to insure increased production of milk, meat, and dairy products, and especially to improve economic conditions for hog raising.

One such measure is a plan to increase state purchase prices for certain types of hogs on January 1, 1970. At that time, prices of meat- and lard-type hogs will go up by an average of 1.10 zlotys per kilogram (about 12.5 cents per lb.), and those of bacon-type hogs, by 70 groszy per kilogram (about 7.9 cents per lb.). Another measure being studied is the reduction of land taxes—also beginning January 1, 1970—in areas where the contracting of cattle for slaughter has been expanded.

Gomulka acknowledged that despite these measures to increase the profitability of raising livestock, it will be difficult to maintain sow numbers and to raise calves to maturity because many farms are suffering from smaller feed stocks, especially hay and potatoes. But every effort must be made.

Under improved economic conditions for agriculture in general, the PGR's as well as the private farmers should find cattle and hog raising more profitable, the Secretary pointed out. PGR's provide approximately 20 percent of all cattle purchased by the state, but a much smaller share of hog purchases. During the next few years, the PGR's will be expected to increase cattle numbers and deliveries of milk and cattle and to intensify hog raising.

What the speech reflects

Policies announced in the harvest festival speech indicate considerable flexibility in response to drought damage. The plan to increase hog prices beginning January 1970—like the plan to reduce land taxes at the same time for areas where cattle contracting has been expanded—is apparently intended to encourage farmers not to sell or slaughter their livestock in the immediate future despite reduced feed supplies, so that the country may be spared an indiscriminate and severe reduction in livestock numbers. The amount of the hog price increase, however—adding only about 5 percent to the price the farmer now receives for hogs that would weigh about 250 to 260 pounds at the time of sale—may not prove enough of an incentive for postponement of sale, especially since the Polish farmer's high costs of production are already a source of concern to him.

Other evidences of the state's willingness and ability to act quickly in response to the agricultural emergency are an intensive campaign mounted in early summer to salvage the remains of the severely damaged rape crop; intensive efforts to save the second hay crop by additional applications of fertilizer; and plans to import more fruit and vegetables to augment reduced domestic supplies.

—Based on a dispatch from HAROLD C. CHAMPEAU
U. S. Agricultural Attaché, Warsaw

Record Brazilian Wheat Crop

Based on observations and interviews during a 2-week trip in mid-October through the wheat-producing regions of southern Brazil, U.S. *Agricultural Attaché John C. McDonald* has forecast a second-consecutive-record wheat crop for the 1969-70 harvest of November and December.

Total production should reach 1 million tons—total annual consumption is about 3 million tons—if favorable weather conditions continue until the wheat is harvested and stored, or shipped to Brazilian consumption points. Most observers agree that there is little danger from plagues and diseases—particularly Septoria and Gibberela—that have traditionally inhibited wheat production in the humid springs of southern Brazil. This year, like last, has been drier than normal with neither excessive rains nor excessive heat so far.

However, as their healthy fields were maturing during the optimum climatic conditions—sunny days and cool nights—wheat farmers in the States of Rio Grande do Sul, Paraná, and Santa Catarina were anxiously watching the skies and listening to the meteorological forecasts: A year ago, heavy winds at harvesttime reportedly cost farmers thousands of tons in yields. Also, hailstorms frequently occur in this season, and heavy rains can penalize growers who are unlucky enough to be caught with their grain still in the fields.

Any one or a combination of such climatic disturbances can upset the currently confident forecasts of a crop 40 to 50 percent greater than the record harvest of 700,000 metric tons in 1968-69—a harvest that, in turn, was 90 percent greater than the 1967-68 harvest of 365,000 tons.

Foreign Agriculture will supplement this forecast later in the year with a detailed account of the concentrated efforts being made in Brazil—particularly in Rio Grande do Sul, which accounts for some 80 percent of domestic outturn—to expand wheat production, and thus to reduce expenditures on the country's largest import.

Irish Remove Wheat Customs Duty

The Irish Government has announced that it has lifted the customs duty of $7.20 per long ton on all milling wheat imported after October 15, 1969. The duty was imposed in February 1968 to compensate the Irish Grain Board for a loss incurred in disposing of domestic 1967 wheat. Reportedly, it yielded about $1.2 million during its period of operation. Losses incurred from the 1968 crop were met by an Exchequer payment; those from the 1969 crop were met by a producer levy.

Irish imports of wheat are still subject to licensing by the Department of Agriculture and Fisheries.

—Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

U.S. Agricultural Export Industry Is Big Employer

A recent study by the U.S. Department of Labor reveals that U.S. agricultural and food exports, on the basis of 1966 data, supported jobs for an estimated 729,000 U.S. workers. These jobs represent some 30 percent of the 2,464,000 jobs related to all merchandise exports.

About three-fifths of the 729,000 workers were on the farm while the other two-fifths were in many other industries which benefit directly and indirectly from U.S. agricultural exports. For example, a large number of farm jobs are supported directly by exports of U.S. wheat, about half of each year's crop normally moving to overseas markets. But there are also jobs involved in moving the wheat from farms to U.S. ports and in turning out the fertilizers and other materials required to produce it.

Most jobs are on-farm

The largest number of jobs related to agricultural exports —433,000—are on the farm in the production of commodities such as grains, oilseeds, cotton, tobacco, and livestock. In 1966 these jobs represented almost 11 percent of all agricultural employment in the United States as it is measured by the U.S. Bureau of Labor Statistics. While a large part of this production is exported directly, some of it is sold to the food industry where it undergoes further processing before being exported. In the food processing industry an additional 49,000 jobs are supported by the export of such farm-related products as fresh and prepared meats, feedgrains, and frozen foods. The remaining jobs—supported indirectly by farm and food exports—are concentrated in the trade, transportation, and chemical industries.

The relationship between the value of agricultural exports and the number of jobs supported depends mainly upon labor productivity, or output per person. As the volume of exports expands, export employment tends to increase. However, the increase in employment is limited by gains in productivity. For example, between 1960 and 1966 the value of agricultural exports, adjusted for price change, increased by 27 percent; at the same time the amount of employment directly or indirectly related to these exports declined by 6 percent.

U.S. EMPLOYMENT ATTRIBUTABLE TO FARM EXPORTS

Industry	Jobs supported by exports, 1966
	Thousands
Agricultural products	433
Forestry and fishery products	1
Agricultural, forestry, and fishery services	21
Manufacturing	98
Food and kindred products	49
Chemicals	11
Other manufacturing	38
Services	154
Trade and transportation	99
Other services	55
Other industries	22
Grand total	729

The effect of productivity increases on export employment can be expressed in another way. In 1960 about 160,000 workers were required directly and indirectly for each billion dollars of agricultural exports. Six years later only 118,000 were needed. Such gains in labor productivity are of course a major element in reducing costs which, in turn, lead to expansion in demand and employment. In the years ahead, increased use of chemicals and machinery on the farm and improved handling methods can be expected to continue the trend toward a more efficient use of labor in the production of agricultural products.

These estimates do not include agricultural employment related to manufacturing other than processed food, although for example, textiles and similar items are made from agricultural products. Also excluded is employment involved in providing capital equipment such as farm machinery and structures.

In addition, calculations are based on the recorded U.S. port value of exports. Employment related to agricultural exports will be understated to the extent that, due to subsidies, these values are lower than comparable domestic values.

—CHARLES BOWMAN

Bureau of Labor Statistics, U.S. Department of Labor

Dutch Alfalfa Producers Request Subsidy

The Association of Co-op Grass Driers and the Association of Netherlands Green Fodder Driers recently asked the Dutch Minister of Agriculture to give a subsidy of about $56 per acre to alfalfa producers until the EC adopts common regulations for dehydrated alfalfa. Behind the dehydrators' demand is the pressure from rising imports of alfalfa and related products amounting to 155,000 metric tons or $8.8 million in 1968. Of this total, 43,000 metric tons or $2.2 million was imported from the United States.

In October 1968, COPA—the EC-wide Agricultural Producer Organization—outlined a CAP for dehydrated alfalfa as follows: (1) A reference price equal to the production costs of Community dehydrators; (2) a minimum import price with use of levies to bring c.i.f. prices up to this level; and (3) an import license accompanied by a surety. However, action on this CAP is not likely soon: There exists no Commission proposal for such a CAP, and dehydrated alfalfa is not yet on the Commission's priority list.

DUTCH ALFALFA MEAL AND RELATED IMPORTS[1]

Sources of imports	1963	1964	1965	1966	1967	1968
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
France	8.6	24.9	22.9	43.2	64.1	57.5
Belgium-Luxembourg	1.0	1.0	1.1	.8	2.5	3.1
Denmark	—	—	9.2	3.0	31.6	51.2
United States	113.3	33.6	85.2	72.1	13.2	43.1
All other countries	1.4	.6	.4	1.8	.7	.3
Total	124.3	60.1	118.8	120.9	112.1	155.2
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
France	517	1,486	1,365	2,642	3,968	3,400
Belgium-Luxembourg	58	53	59	47	144	172
Denmark	—	—	529	197	2,035	3,043
United States	6,551	1,923	4,837	4,429	789	2,215
All other countries	65	31	20	90	44	20
Total	7,191	3,493	6,810	7,405	6,980	8,850

[1] Brussels Tariff Nomenclature for 1963, 1964, and 1965 is 121020; for 1966, 1967, and 1968, 121015.

USDA Scientists Sent to Rotterdam

Research to improve the quality of perishable foods and to reduce costs of handling, packaging, and transporting U.S. agricultural products to European markets will be conducted by two U.S. Department of Agriculture scientists headquartered in Rotterdam, the Netherlands.

The first of a series of test shipments left the United States in late October. A method of on-deck ventilation for two vans of grapefruit will be tested for its efficiency. A scientist is accompanying the grapefruit shipment to make observations on the cooling system en route.

Between now and June 1970 tests are planned for experimental containers for Florida celery and beans and fiberboard boxes for California table grapes and Florida citrus. Other experimental shipments will help develop physical performance standards for export shipping containers.

The two USDA men in Rotterdam who will receive the test shipments are in the Agricultural Research Service. They are Dr. William G. Chace, Jr., and Russell H. Hinds, Jr. They will be attached to the U.S. Consulate in Rotterdam.

Thais Buy CCC Cattle

On November 7, 408 head of U.S. cattle will disembark from the freighter *Lipscomb Lykes* in Bangkok. The arrival will mark the first sale of U.S. breeding cattle under the Commodity Credit Corporation (CCC) Export Credit Sales Program.

The cattle, which left Houston on October 7, included 51 registered Santa Gertrudis bulls, 322 registered heifers, 5 Brahman bulls, and 30 Brahman females assembled by the Callan Ranch in Waco, Texas. They were purchased by the Chokchai Ranch Company, Ltd., Bangkok, Thailand, where they will be used for production of more breeding animals which in turn will be bred to local stock that are primarily of the Zebu strain.

The port value of the cattle was $177,000 and shipping costs totaled an additional $130,000. The Santa Gertrudis Breeders Association and the Foreign Agricultural Service of the U.S. Department of Agriculture were instrumental in effecting the sale.

Foreign Agriculture will carry a photographic report after the arrival.

Spanish Rancher Imports Virginia Angus

Fifty-two young Angus cattle are reportedly doing well in the second month at their new home in Santander, Spain. Cattleman Leonardo Valenzuela and his sons Carlos and Francisco, who operate a ranch there, imported the animals to start an Angus herd. They are pictured above arriving in Spain.

The cattle left Richmond, Virginia, on August 5 to be trucked to Montreal where they became part of a larger shipment of cattle going overseas.

The Virginia Angus Association laid the groundwork for the sale in a trade mission to Spain, Italy, and Belgium in May 1968; and the Virginia Department of Agriculture and Commerce helped with technical matters.

Amendments to U.K. Labelling Laws

Changes have been proposed for provisions of Schedule 4 of the Food Regulations on Labelling that will affect all exporters of packaged agricultural products to the United Kingdom. According to Britain's Ministry of Agriculture, Fisheries, and Food, amendments to the Schedule are being proposed along the following lines.

The minimum height of letters in the name or designation of a food, related to the greatest dimension of the container, imposed by paragraph 2(a) of the Schedule, will remain in force. But the maximum dimension of the container in the second group in the table in paragraph 9 of the Schedule will be increased from 25 centimeters to 30 centimeters.

The specific requirements that the height of the largest letter in the name or description shall not be more than twice that of the smallest letter and that the height of the smallest letter shall be at least one-quarter of the height of the tallest letter appearing elsewhere on the label will be replaced by the following requirements:

- The name or designation must be more prominent than any other matter required by the Regulations to be stated, listed, indicated, or declared on the same or any other label on the container. Also, it must be so prominent in height, visual emphasis, and position on the label as to be conspicuous by comparison with any other matter (whether pictorial or not) on the same or any other label on the container.
- The height of the letters in any word in the name or designation must not be such as is likely by any undue or insufficient prominence to mislead as to the nature, substance, or quality of the food to which the name or designation relates. The height of the letters in any word describing a minor ingredient must be such as does not give undue prominence to that ingredient when the name or designation is taken as a whole.

To safeguard the position of firms who have already changed their labels, the revised Schedule will provide that any name or designation which appears on a label which was marked on or attached to a container on or before January 1, 1970, and which complies with the existing requirement of the Schedule to the Labelling of Food Regulations, 1967, will be deemed to comply also with the new requirements.

The provision in paragraph 4(2)(ii) of the Schedule (dealing with the list of ingredients or constituents of a food) will be amended by the addition of the words "or use" after "purchase" in the final line. —Based on dispatch from

DAVID L. HUME
U.S. Agricultural Attaché, London

CROPS AND MARKETS SHORTS

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during the first 9 months of 1969 totaled 413,261 long tons, compared with 431,011 in the same period last year. The decrease reflected reduced movements to the United States, Europe, and Japan. Movements to the United States at 193,679 tons were down 25,414 from January-September 1968.

Coconut oil exports from January-September 1969 totaled 154,379 tons, a decrease of 25,528 from last year. Shipments to the United States of 135,190 tons were down 19,020 from last year.

Desiccated coconut exports for January-September 1969 totaled 45,429 short tons, 14,332 tons below those in the same period last year. Of the total, 34,714 tons moved to the United States, compared with 53,404 during the same period last year.

PHILIPPINE COCONUT PRODUCTS
[Registered exports]

Commodity and destination	September		January-September	
	1968	1969 [1]	1968	1969 [1]
	Long tons	*Long tons*	*Long tons*	*Long tons*
Copra:				
United States	29,500	26,232	219,093	193,679
Europe	35,750	22,010	171,150	185,090
South America	0	0	5,600	0
Japan	7,250	5,500	34,668	32,900
Taiwan	0	492	500	1,592
Total	72,500	54,234	431,011	413,261
Coconut oil:				
United States	17,213	32,650	154,210	135,190
Europe	9,965	701	25,697	17,689
Japan	0	1,500	0	1,500
Total	27,178	34,851	179,907	154,379
	Short tons	*Short tons*	*Short tons*	*Short tons*
Desiccated coconut:				
United States	8,077	4,820	53,404	34,714
Canada	322	49	1,911	2,459
Germany, West	276	10	474	1,722
Netherlands	360	159	563	1,628
Japan	315	263	1,160	1,167
Other	655	354	2,249	3,739
Total	10,005	5,655	59,761	45,429

[1] Preliminary.
Associated Steamship Lines, Inc., Manila.

Record Japanese Canned Fruit Pack

Japan reports a record 1969 pack of canned deciduous fruit. Production is estimated at 5,840 cases, equivalent 24/2½'s, 6 percent above the 1968 pack of 5,505 cases. Packs of most fruits continue to increase, and Japan now ranks fourth in world production of canned peaches and canned apples.

The second largest packs of canned peaches and canned apples are reported. Production of canned white peaches totaled 2,930 cases, 13 percent above 1968. The canned yellow peach pack is reported at 590 cases, 5 percent below 1968. The canned apple pack is estimated at 1,170 cases, slightly more than the 1968 pack of 1,162 cases.

Cannery prices for yellow peaches were considerably above 1968, reflecting the smaller fresh yellow peach crop and the increasing domestic demand for canned yellow peaches in the institutional trade. Grower prices for other fruits for canning showed lesser increases.

JAPANESE CANNERY PRICES
[for major deciduous fruits]

Item	1967	1968	1969
	Dols. per short ton	*Dols. per short ton*	*Dols. per short ton*
Peaches:			
White	50-88	101-126	113-151
Yellow	38-63	88-113	176-202
Bartlett pears	38-45	50-76	76-101
Red cherries	353-403	428-479	504-630

JAPANESE CANNED PEACHES
SUPPLY AND DISTRIBUTION

Item	1967	1968 [1]	1969 [2]
	1,000 cases [3]	*1,000 cases* [3]	*1,000 cases* [3]
Beginning stocks (Aug. 1)	693	160	50
Production	3,097	3,213	3,630
Imports	27	176	210
Total supply	3,817	3,549	3,890
Exports	96	21	50
Domestic disappearance	3,561	3,478	3,730
Ending stocks (July 31)	160	50	110
Total distribution	3,817	3,549	3,890

[1] Revised. [2] Estimated. [3] Cases of 24/2½'s.

JAPANESE CANNED DECIDUOUS FRUIT PACK

Item	1967	1968 [1]	1969 [2]
	1,000 cases [3]	*1,000 cases* [3]	*1,000 cases* [3]
Peaches:			
White	2,383	2,589	2,930
Yellow	714	624	590
Total	3,097	3,213	3,520
Pears:			
Bartlett	301	257	260
Japanese type	42	58	60
Total	343	315	320
Apples	1,709	1,162	1,170
Cherries	386	330	370
Mixed fruit	273	306	320
Grapes	92	103	90
Apricots	49	76	50
Grand total	5,949	5,505	5,840

[1] Revised. [2] Estimated. [3] Cases of 24/2½'s.

Smaller Italian Canned Fruit Pack

Adverse spring weather and a strong consumer demand for fresh fruit cut 1969 Italian production of canned deciduous fruit. The 1969 pack is estimated at 2,970,000 cases, equivalent 24/2½'s, 17 percent below the 1968 pack of 3,577,000 cases.

Clingstone peach production was severely limited by adverse weather during the blossom and fruit-setting periods. Heavy consumer demand for fresh fruit assisted in establish-

ing a record clingstone canning price of $247-305 per short ton, more than twice the 1968 price of $94-123 per ton. Canned peach production is estimated at 690,000 cases, 44 percent less than 1968.

A larger canned pear pack is reported even though the Bartlett pear crop was damaged by adverse spring weather. Production is estimated at 1,570,000 cases, 7 percent above last year. Grower prices for pears for canning equaled the 1968 level of $87 per short ton.

Slightly higher 1969-70 season exports are forecast for canned pears. Pear exports totaled 1,390,000 cases during the 1968-69 season. West Germany is expected to continue as the major market for Italian canned pears. Other markets are the United Kingdom, Sweden and the United States. Exports of canned peaches are expected to be small, with most of the short 1969 peach pack sold on the domestic market. Canned peach exports totaled 560,000 cases during the 1968-69 season; largest export markets were West Germany and the United Kingdom.

ITALIAN CANNED PEACHES
SUPPLY AND DISTRIBUTION

Item	1967-68	1968-69 [1]	1969-70 [2]
	1,000 cases [3]	*1,000 cases* [3]	*1,000 cases* [3]
Beginning stocks (Aug. 1) ..	—	—	50
Production	867	1,225	690
Imports	31	55	70
Total supply	898	1,280	810
Exports	211	560	140
Domestic disappearance	687	670	670
Ending stocks (July 31) ...	—	50	—
Total distribution	898	1,280	810

[1] Preliminary. [2] Forecast. [3] Cases of 24/2½'s.

ITALIAN CANNED PEARS
SUPPLY AND DISTRIBUTION

Item	1967-68	1968-69 [1]	1969-70 [2]
	1,000 cases [3]	*1,000 cases* [3]	*1,000 cases* [3]
Beginning stocks (Aug. 1) ..	—	—	—
Production	1,372	1,470	1,570
Imports	1	—	—
Total supply	1,373	1,470	1,570
Exports	1,317	1,390	1,420
Domestic disappearance	56	80	100
Ending stocks (July 31) ...	—	—	50
Total distribution	1,373	1,470	1,570

[1] Preliminary. [2] Forecast. [3] Cases of 24/2½'s.

ITALIAN CANNED DECIDUOUS FRUIT PRODUCTION

Item	1967	1968 [1]	1969
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]
Pears	1,372	1,470	1,570
Peaches	867	1,225	690
Mixed fruit	441	588	490
Cherries	196	196	150
Apricots	78	49	20
Other	49	49	50
Total	3,003	3,577	2,970

[1] Revised. [2] Cases of 24/2½'s.

Iran Reports Larger Date Crop

The 1969 Iranian date crop is estimated at 320,000 short tons, 4 percent above the 1968 crop of 309,000 tons, but slightly below the 5-year 1963-67 average. Early season forecasts indicated that quality might be seriously affected by spring flood water remaining in the date gardens. However, water surrounding date palms evaporated under the blaze of the hot Khuzestan sun and most dates appear to be of good quality.

Iranian exporters have agreed to revive the export quota system, which was allowed to lapse during the 1968-69 season; and 1969-70 season prices are expected to be above last season.

Current season exports are forecast at 24,000 tons, 9 percent above the 1968-69 season total of 22,000 tons. The United States, Canada, the United Kingdom, and Australia were the major export markets for Iranian dates during the 1968-69 season.

IRAN'S SUPPLY AND DISTRIBUTION OF DATES

Item	1967-68	1968-69 [1]	1969-70 [2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 23) ..	32.0	36.0	36.0
Production	310.0	309.0	320.0
Total supply	342.0	345.0	356.0
Exports	20.4	22.0	24.0
Domestic disappearance	285.6	287.0	292.0
Ending stocks (Sept. 22)	36.0	36.0	40.0
Total distribution	342.0	345.0	356.0

[1] Preliminary. [2] Estimate.

French Prune Crop Damaged

The 1969-70 French prune pack, severely damaged by a storm September 12, is now placed at 16,000 short tons, 5,000 tons below the previous estimate. The storm caused a large quantity of fruit to fall from the trees.

In view of the reduced pack, the French trade now feels the 1969-70 imports will surpass the original estimate of 2,750 tons.

Cameroon Ups Cocoa Producer Prices

Beginning with the 1969-70 cocoa season, Cameroon farmers will receive 85 CFA per kilo (13.88 U.S. cents per lb.) for Grade 1 cocoa beans, compared with the 70 CFA (12.86 cents per lb.) paid during the previous crop year. Higher world cocoa prices have enabled the government to raise prices paid to growers.

Bumper Rice Crop Expected in Japan

The Japanese Ministry of Agriculture and Forestry recently estimated the 1969 rice crop at 14.17 million metric tons (brown rice), based on harvest conditions as of September 15. This exceeds the 14-million-ton mark for the third consecutive year. In 1967 and 1968, production was 14,453 million tons and 14,449 million tons, respectively.

The total planted area in 1969 is reported to be 8,090,054 acres, a decline of 14,826 acres from the 8,104,880 acres planted in 1968. (Planted area in paddy field increased by 4,942 acres, while upland field area decreased by 19,768 acres.) Consequently, average yield per acre is estimated to be above normal.

The anticipated bumper crop will exceed the demand for rice—currently estimated at 12.5 million tons (brown rice) a

year—by about 1.7 million tons. The government's carryover stocks at the end of the 1970 rice year (October 1970) are currently estimated at 7.3 million tons, including about 5.6 million tons from the 1967 and 1968 crops. Stocks of old rice from 1967 and 1968 have increased sharply, and at the same time, per capita rice consumption has declined.

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Oct. 21	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	1.93	0	2.09
USSR SKS-14	1.76	−1	(1)
Australian Prime Hard	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.82	0	1.96
15 percent	1.90	0	2.00
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	0	1.90
Argentine	(1)	(1)	1.81
U.S. No. 2 Soft Red Winter	1.54	+2	1.77
Feedgrains:			
U.S. No. 3 Yellow corn	1.45	−1	1.19
Argentine Plate corn	1.78	+1	1.37
U.S. No. 2 sorghum	1.47	+2	1.31
Argentine-Granifero	1.47	−2	1.28
Soybeans:			
U.S. No. 2 Yellow	2.74	+2	2.85

[1] Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Irish Wheat Crop Largely Millable

Ireland's 1969 wheat harvest is almost completed, and in near-record time. Quality of the crop is very good; most of the grain is classed as millable. The rapidity of harvesting operations and the quality of the crop are due, to a large extent, to excellent weather conditions: this September was the driest on record in Ireland. Yields of this year's crop are also good, but they are not so high as last year's record level.

To date, the Irish flour millers have purchased approximately 260,000 long tons (dried weight) with practically all of this intake classified as either millable or potentially millable. Estimates of the amount of wheat still to come on the market vary, but a reasonable estimate appears to be 40,000 tons.

Irish flour millers need only 240,000 tons of native wheat for this year's grist. A levy of U.S. $14.40 per ton on all intake has already been withheld from the producers' sale price—to defray the costs of diverting surplus milling wheat into animal feed.

Finnish Wheat Exports to Britain

Finland has agreed to export 40,000 tons of wheat to the United Kingdom for delivery between November 1969 and February 1970; contracted price is about $50 per ton. In addition, the Finnish Government is apparently attempting to export another 50,000 to 100,000 tons, carried over largely from the good harvests in 1967 and 1968.

Canadian Cheese Support Prices

The Canadian Dairy Commission announced recently that the support price for first grade Cheddar cheese manufactured from November 1 to March 31 will be 38.9 U.S. cents per pound. The summer support price for first grade Cheddar cheese—43 cents for 92 score or better and 43.5 cents for 93 score or better—was continued, as last year, for cheese manufactured to the end of October.

The purpose of the lower winter support price is to prevent surplus production which would have to be taken over by the Commission. If production is kept to the quantity which can be sold to commercial outlets—as was the case last year—the market price should be well above the winter support level.

When the Commission announced its 1969-70 supports in April, it indicated that the summer support price would be discontinued on October 1, subject to review of the situation in September. With limitations on the quantity which can be exported to the United Kingdom (see *Foreign Agriculture*, July 28, 1969), there is little outlet for any additional surplus. However, the Commission estimated that October production would be needed by commercial—domestic and export—markets, and there would be little, if any, surplus to be offered to the Commission. It therefore continued its summer support price to October 31.

The Commission estimates that its purchases of surplus cheese covering production from April 1 to September 30 will be around 7 million pounds, a portion of which will be used by the World Food Program.

British Switch to Smaller Cigarette

While the total number of cigarettes consumed in the United Kingdom continues to increase, the total amount of tobacco used in these cigarettes is declining because of the switch to smaller size brands and filter-tip cigarettes.

The total manufactured weight of tobacco used in cigarettes sold in the United Kingdom fell from 225.1 million pounds in 1958 to 220.2 million pounds in 1968. However, sales of cigarettes during this period rose by 17.8 billion pieces to 121.8 billion. The number of cigarettes produced from one pound of tobacco rose from 462 pieces in 1958 to 553 pieces in 1968.

The filter-tip cigarettes represented 70 percent of the total market share in 1968 compared with 9 percent in 1960.

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Predictions on Japan's Oilseed Imports in 1969

Japan expects to import substantially larger quantities of soybeans, rapeseed, and sunflowerseed this year than in 1968, because of increasing consumption and declining domestic production.

JAPAN: IMPORTS OF SPECIFIED OILSEEDS

Item	Jan.-Aug.		Jan.-Dec.	
	1968	1969	1968	1969 [1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Soybeans	1,588	1,621	2,421	2,610
Rapeseed	169	186	250	330
Sunflowerseed	48	72	71	100
Peanuts	33	33	49	50

[1] Forecast.

Soybean imports are forecast at 2.6 million metric tons (95.5 million bu.), compared with 2.4 million tons (89.0 million bu.) last year. Imports from the United States are expected to be up sharply; imports from Mainland China are difficult to predict because Chinese beans are frequently purchased in a lump sum after prolonged negotiations. When the Canton Fair is concluded in a few weeks, a more reliable estimate can be made.

Total soybean imports through August at 1.6 million tons were up 2 percent from last year's comparable level. Imports from the United States exceeded those of 1968 by 1 percent; imports from China, by 7 percent. Trade sources report that mill stocks of soybeans were recently completely exhausted. Oil crushers have held back on recent soybean purchases in anticipation of lower prices as the new U.S. crop becomes available.

Soybean meal imports, largely from the United States, are forecast at 35,000 tons, compared with 15,000 in 1968. Through August, imports reached 24,000 tons, against 10,000 in the same month last year.

Trade sources estimate 1969 imports of rapeseed, largely from Canada, at 330,000 tons, 32 percent above those in 1968. The expected increase results from the government's sharp increase in the rapeseed import quota for the Japanese fiscal year 1969 (April 1969-March 1970)—a further step toward eventual liberalization. The government's flexible attitude toward rapeseed liberalization is attributed not only to the decline in domestic production but also to the favorable profit margins on rapeseed crushing. Both government and industry groups are studying the use of rapeseed meal as a livestock feed component. However, the feed industry remains cautious because of the risks associated with this use. The principal use of rapeseed meal has been as a fertilizer.

Imports of sunflowerseed in 1969 are estimated at 100,000 tons, 41 percent above imports in 1968. While the Russian sunflower crop may be somewhat smaller than a year ago, imports from Russia are expected to be at about the 1968 level of 70,000 tons. The remaining 30,000 tons is expected to come from Romania, Bulgaria, and China.

Peanut imports this year are estimated at 50,000 tons, about the same as in 1968. Peanuts for crushing, however, are expected to drop to only about half last year's tonnage, because of more profitable crushing margins from other commodities. Imports of peanut meal, on the other hand, may reach 121,000 tons—about double those in 1968. India is the major source of peanut meal.

Peanut industry leaders indicate that Japan would consider imports of U.S. peanuts if prices could be made competitive with supplies from other sources. With respect to large-kernel peanuts, however, China's proximity to Japan gives it a decided competitive advantage over the United States.

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